

**Zenith Exploration Inc.**  
**(formerly 1040442 B.C. Ltd.)**  
**Condensed Interim Financial Statements**  
**Three Months Ended October 31, 2017**

**(Unaudited – Prepared by Management)**

**Expressed in Canadian Dollars**

**Zenith Exploration Inc.**  
**(formerly 1040442 B.C. Ltd.)**  
Condensed Interim Statements of Financial Position  
(Unaudited - Expressed in Canadian Dollars)

	Notes	October 31, 2017	July 31, 2017
<b>ASSETS</b>			
<b>Current assets</b>			
Amounts receivable		\$ 208	\$ 130
<b>TOTAL ASSETS</b>		<b>\$ 208</b>	<b>\$ 130</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		\$ 3,571	\$ 6,357
Loans payable	3, 5	10,841	2,493
<b>TOTAL LIABILITIES</b>		<b>14,412</b>	<b>8,850</b>
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	4	7,932	7,932
Deficit		(22,136)	(16,652)
<b>TOTAL SHAREHOLDERS' DEFICIENCY</b>		<b>(14,204)</b>	<b>(8,720)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		<b>\$ 208</b>	<b>\$ 130</b>

**Nature and continuance of operations** (Note 1)

**Subsequent events** (Note 10)

Approved by the board of directors and authorized for issue on December 29, 2017:

"Brent Hahn"

Brent Hahn, Director

"Barry Hartley"

Barry Hartley, Director

**Zenith Exploration Inc.****(formerly 1040442 B.C. Ltd.)**

Condensed Interim Statements of Loss and Comprehensive Loss

For the three months ended October 31, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

	<b>October 31, 2017</b>	<b>October 31, 2016</b>
<b>Expenses</b>		
Professional fees	\$ 2,218	\$ -
Office and miscellaneous	300	-
Regulatory fees	2,690	-
Transfer agent	1,000	150
	(6,208)	(150)
<b>Other Income</b>		
Gain on forgiveness of debt	724	-
<b>Loss and comprehensive loss</b>	<b>\$ (5,484)</b>	<b>\$ (150)</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>396,601</b>	<b>396,601</b>

See accompanying notes to the condensed interim financial statements

**Zenith Exploration Inc.**  
**(formerly 1040442 B.C. Ltd.)**

Condensed Interim Statements of Changes in Equity  
(Unaudited - Expressed in Canadian Dollars)

		Share capital			
	Notes	Number of shares	Amount	Deficit	Total
<b>Balance at July 31, 2016</b>		<b>396,601</b>	<b>\$ 7,932</b>	<b>\$ (10,682)</b>	<b>\$ (2,750)</b>
Loss for the period		-	-	(150)	(150)
<b>Balance at October 31, 2016</b>		<b>396,601</b>	<b>7,932</b>	<b>(10,832)</b>	<b>(2,900)</b>
<b>Balance at July 31, 2017</b>		<b>396,601</b>	<b>\$ 7,932</b>	<b>\$ (16,652)</b>	<b>\$ (8,720)</b>
Loss for the period		-	-	(5,484)	(5,484)
<b>Balance at October 31, 2017</b>		<b>396,601</b>	<b>\$ 7,932</b>	<b>\$ (22,136)</b>	<b>\$ (14,204)</b>

See accompanying notes to the condensed interim financial statements

**Zenith Exploration Inc.**  
**(formerly 1040442 B.C. Ltd.)**

Condensed Interim Statements of Cash Flows  
For the three months ended October 31, 2017 and 2016  
(Unaudited - Expressed in Canadian Dollars)

	October 31, 2017	October 31, 2016
<b>Operating activities</b>		
Loss for the period	\$ (5,484)	\$ (150)
Items not involving cash:		
Gain on forgiveness of debt	(724)	-
Changes in non-cash working capital items:		
Amounts receivable	(78)	-
Accounts payable and accrued liabilities	(1,883)	150
<b>Net cash flows used in operating activities</b>	<b>(8,169)</b>	<b>-</b>
<b>Financing activities</b>		
Loans from related parties	8,169	-
<b>Net cash flows from financing activities</b>	<b>8,169</b>	<b>-</b>
Change in cash	-	-
Cash, beginning	-	-
<b>Cash, ending</b>	<b>\$ -</b>	<b>\$ -</b>

There were no significant non-cash transactions for the period ended October 31, 2017 and 2016.

**Zenith Exploration Inc.**  
**(formerly 1040442 B.C. Ltd.)**

Notes to the Condensed Interim Financial Statements  
(Unaudited - Expressed in Canadian Dollars)  
For the three months ended October 31, 2017 and 2016

---

**1. Nature and continuance of operations**

Zenith Exploration Inc. (formerly 1040442 B.C. Ltd.) (the "Company") was incorporated on June 19, 2015, under the laws of the province of British Columbia, Canada. On October 4, 2017, the Company changed its name to Zenith Exploration Inc. The Company is a resource exploration company that is acquiring and exploring mineral properties.

In June 2015, the Company entered into an Arrangement Agreement with TNX Maverick Inc. (formerly Kidani Capital Partners Inc.) and 1040678 BC Ltd. Following completion of the Arrangement Agreement, the Company became a reporting issuer.

The head office, principal address, records office and registered address of the Company are located at 1080 - 789 West Pender Street, Vancouver BC.

These condensed interim financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At October 31, 2017, the Company had not yet achieved profitable operations, had accumulated losses of \$22,136 since its inception, and has a working capital deficit of \$14,204 (July 31, 2017 - \$8,720). The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful results from its business activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or profits from its business activities.

**2. Significant accounting policies**

**Basis of presentation**

These unaudited condensed interim financial statements were approved and authorized for issue on December 29, 2017, by the directors of the Company.

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. As a result, these condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2017.

**The following standards and interpretations have been issued but are not yet effective:**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRIC that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has not yet assessed the impact, if any, that the new amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following standard will be effective for annual periods beginning on or after January 1, 2018:

**Zenith Exploration Inc.**  
**(formerly 1040442 B.C. Ltd.)**

Notes to the Condensed Interim Financial Statements  
(Unaudited - Expressed in Canadian Dollars)  
For the three months ended October 31, 2017 and 2016

---

**2. Significant accounting policies (cont'd)**

**The following standards and interpretations have been issued but are not yet effective: (cont'd)**

IFRS 15, *Revenue from Contracts with Customers* – In May 2014, the IASB issued IFRS 15 which supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2017. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

IFRS 9, *Financial Instruments* – The IASB intends to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9 which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

**3. Loans payable**

During the three months ended October 31, 2017, an unsecured, non-interest bearing loan in the amount of \$179 from a company controlled by a former director of the Company was forgiven (Note 5).

During the three months ended October 31, 2017, the Company received an unsecured, non-interest bearing loan in the amount of \$7,614 from a director of the Company. As at October 31, 2017, the Company is indebted to this director in an amount of \$9,928 (July 31, 2017 – \$2,314). The loan is due on demand (Note 5).

During the three months ended October 31, 2017, the Company received an unsecured, non-interest bearing loan in the amount of \$913 from a director of the Company. As at October 31, 2017, the Company is indebted to this director in an amount of \$913 (July 31, 2017 – \$Nil). The loan is due on demand (Note 5).

**4. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

At October 31, 2017, there were 396,601 issued and fully paid common shares.

**Zenith Exploration Inc.**  
**(formerly 1040442 B.C. Ltd.)**

Notes to the Condensed Interim Financial Statements  
(Unaudited - Expressed in Canadian Dollars)  
For the three months ended October 31, 2017 and 2016

---

**4. Share capital (cont'd)**

***Share issuances***

No shares were issued during the period ended October 31, 2017.

***Stock options***

The Company has not issued any stock options and no stock options are outstanding as at October 31, 2017.

***Warrants***

The Company has not issued any warrants and no warrants are outstanding as at October 31, 2017.

**5. Related parties**

During the three months ended October 31, 2017, an unsecured, non-interest bearing loan in the amount of \$179 from a company controlled by a former director of the Company was forgiven. As at October 31, 2017, the Company is indebted to this former director in an amount of \$Nil (July 31, 2017 - \$179) (Note 3).

During the three months ended October 31, 2017, the Company received an unsecured, non-interest bearing loan in the amount of \$7,614 from a director of the Company. As at October 31, 2017, the Company is indebted to this director in an amount of \$9,928 (July 31, 2017 - \$2,314). The loan is due on demand (Note 3).

During the three months ended October 31, 2017, the Company received an unsecured, non-interest bearing loan in the amount of \$913 from a director of the Company. As at October 31, 2017, the Company is indebted to this director in an amount of \$913 (July 31, 2017 - \$Nil). The loan is due on demand (Note 3).

As at October 31, 2017, the Company is indebted to the two directors in the aggregate amount of \$10,841 (July 31, 2017 - \$2,493). The loans are unsecured, non-interest bearing and payable on demand (Note 3).

**6. Financial risk and capital management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is not exposed to credit risk.



**Zenith Exploration Inc.**  
**(formerly 1040442 B.C. Ltd.)**

Notes to the Condensed Interim Financial Statements  
(Unaudited - Expressed in Canadian Dollars)  
For the three months ended October 31, 2017 and 2016

---

**6. Financial risk and capital management (cont'd)**

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

***Capital Management***

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash.

There were no changes in the Company's approach to capital management during the period ended October 31, 2017.

The Company is not subject to any externally imposed capital requirements.

***Classification of financial instruments***

Financial liabilities included in the statement of financial position are as follows:

	<b>October 31, 2017</b>		<b>July 31, 2017</b>
Non-derivative financial liabilities:			
Accounts payable	\$ 3,571	\$	6,357
Loans payable	10,841		2,493
	<b>\$ 14,412</b>	<b>\$</b>	<b>8,850</b>

**7. Segmented information**

The Company operates in a single reportable operating segment – business development services in Canada.

**8. Subsequent events**

**Zenith Exploration Inc.**  
**(formerly 1040442 B.C. Ltd.)**

Notes to the Condensed Interim Financial Statements  
(Unaudited - Expressed in Canadian Dollars)

For the three months ended October 31, 2017 and 2016

---

On November 14, 2017, the Company entered into a definitive agreement with directors of the Company to purchase eight (8) mineral claims covering 1,384.12 hectares comprising the Scotch Creek Property in the Kamloops Mining Division of British Columbia. In consideration for a 100% undivided interest in the property, the Company issued 15,000,000 common shares on December 4, 2017.

On December 4, 2017, the Company completed a first private placement comprised of 4,000,000 common shares of the Company at a price of \$0.005 per share for total proceeds of \$20,000. The shares were purchased by two directors of the Company.

On December 5, 2017, the Company completed a second private placement comprised of 300,000 common shares of the Company at a price of \$0.05 per share for total proceeds of \$15,000.